

Office of Inspector General

Performance Plan

Fiscal Years 2006 and 2007



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U.S. Small Business Administration Office of Inspector General

Performance Plan

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MISSION

Under the authority and in fulfillment of the Inspector General Act of 1978, as amended (IG Act), the Small Business Administration (SBA) Office Inspector General (OIG) adds value to Agency programs and operations by providing auditing, investigative, and other services to support and assist SBA in achieving its statutory mission. SBA was established to maintain and strengthen the Nation's economy by protecting the interests of, and assisting, small businesses, and by helping families and businesses recover from disasters.

VISION

In all we do, we strive to identify significant issues and offer recommendations to correct or eliminate problems and fraudulent schemes that adversely impact the efficiency, effectiveness, or integrity of SBA's programs and operations.

PERFORMANCE PLAN ALIGNMENT

This two-year Performance Plan aligns with the statutory responsibilities of the OIG under the IG Act, the Small Business Act, the Small Business Investment Act, an increasing number of Government-wide mandates, and with the OIG's Fiscal Years (FY) 2006-2011 Strategic Plan. Our Strategic Plan reflects a rethinking and refining of our earlier strategic goals and planning framework in order to focus OIG efforts on identifying the larger systemic problems in SBA's programs and operations. In an era of tight budgets, the OIG must focus on the most significant risks to SBA and the taxpayer, and on improving program and operational processes. Our plans are designed to assist SBA in meeting the challenges it faces, and on accomplishing the Agency's mission in the most effective, efficient, and economical manner possible. The critical risks to SBA programs and operations that our plans and the OIG-identified Management Challenges focus on are:

- Risks of financial losses due to SBA's downsizing, centralization, and limited oversight and controls;
- Risks to SBA's performance of its statutory mission to promote small business development and Government contracting; and

- Risks associated with the SBA's information technology (IT) and financial management systems, and other internal operations.

The two goals in our Strategic Plan were designed to align our resources and manage our activities in the light of SBA's most significant challenges and risks. For FYs 2006 and 2007 the OIG has developed strategies and performance indicators/measures for each of these goals to guide our efforts.

STRATEGIC GOALS AND OBJECTIVES ALIGNED WITH PERFORMANCE INDICATORS/MEASURES AND FY 2006 AND 2007 STRATEGIES

The role of the OIG is to provide value to our stakeholders, while the role of performance measurement is to offer insights about that value. The following goals encompass measures that will assist the OIG in evaluating our success in achieving our goals and objectives. A critical indicator, however, of our accomplishments in fulfilling the requirements of the IG Act and other mandates will be the results demonstrated twice a year in the OIG Semiannual Report. These reports are located at <http://www.sba.gov/IG/igreadingroom.html#sar>.

Strategic Goal 1: Improve the economy, efficiency, and effectiveness of SBA programs and operations

Through audits, investigations and other efforts, the OIG reviews aspects of SBA's programs and operations to improve Agency efficiency and effectiveness. The subject areas examined are determined in response to legislative mandates or requests from sources outside the OIG, or through OIG assessments of SBA's risks and vulnerabilities. An important aspect of this work is developing and following up on the major Management Challenges facing SBA in accordance with the Reports Consolidation Act. We recommend improvements in controls and processes to prevent recurrence of the problems identified. In addition, we increasingly focus OIG resources on specific legislative mandates and on directives from the Office of Management and Budget (OMB).

Objectives

- Identify systemic weaknesses and solutions in critical SBA programs and operations
- Assist SBA in improving the security over, and accuracy of, its accounting and performance information

Strategic Goal 2: Promote and foster integrity in SBA programs and operations

The OIG directly supports the Agency's mission by detecting, investigating, and deterring fraud and other wrongdoing in SBA programs and operations. OIG activities conducted under Goal 2 help achieve a high level of integrity in Agency employees and in applicants to, and participants in, SBA programs. This is critical to the proper administration of SBA's programs because it helps ensure that SBA resources are utilized by those who deserve and need them most. Specific activities include responding to complaints from employees and the public; conducting investigations, fraud awareness education, program vulnerability and other reviews;

recommending debarments and other enforcement actions to the Agency; and processing name checks and, where appropriate, fingerprint checks on program applicants or others.

Objective

- Detect and deter fraud and other criminal activity, misconduct and abuse.

FY 2006/2007 ACTIVITIES AND STRATEGIES FOR ACCOMPLISHING OIG STRATEGIC GOALS

- Give priority to complex projects focusing on SBA activities that pose the greatest risk of financial losses, or that need controls to improve the integrity or effectiveness of program service delivery.
- Perform oversight of the FY 2006 and 2007 SBA financial statement audits—a statutory requirement—and the reviews of Federal Information Systems Controls related to the financial operations, both of which are conducted by an external auditor.
- Conduct Federal Information Security Management Act reviews—a mandatory annual requirement.
- Assess effectiveness of, and controls over, disaster assistance loan making, servicing, collection, and liquidation processes to identify processing problems, duplication of benefits, and potential fraud.
- Review selected data systems supporting the collection of SBA's performance data.
- Monitor SBA's implementation of replacement systems and components of its core financial legacy-based Loan Accounting System.
- Assess the effectiveness of guaranty purchases of Business Loans at the SBA Guaranty Purchase Center, and of Express Loans at SBA's Servicing Centers.
- Review SBA's oversight of selected entrepreneurial development programs.
- Perform selected reactive audits and investigations based on complaints received.
- Conduct selected early defaulted loan audits to identify improper payments.
- Review the effectiveness of SBA's Loan Monitoring System and the Agency's oversight of lenders and financial assistance programs.
- Identify serious management challenges facing the Agency and work throughout the year with SBA management to resolve identified issues as quickly as possible.
- Review the Small Business Investment Company (SBIC) licensing process.

- Review selected outsourcing by SBA of its functions and activities to determine whether the projected savings were realized.
- Conduct a follow-up review of selected highly complex projects completed at least three years ago to assess the effectiveness of the corrective action implemented by SBA.
- Assess effectiveness of SBA oversight of its various Government contracting programs.
- Conduct mandated audits and reviews of selected SBA programs and activities, including preferred sureties, and use of cosponsorships and gifts.
- Review proposed legislation, regulations, and Agency directives proposed by, or affecting, SBA and provide salient comments to reduce confusion, waste and inefficiency.
- Give priority to investigations where fraud is committed by loan agents and lenders.
- Focus on criminal investigation and prosecution of fraudulent activities committed within SBA programs that possess a potential for high risk: the Disaster Loan, SBIC, 7(a) Business Loan, and SBAExpress Programs.
- Expand outreach with Lenders and SBA officials to deter fraud and abuse.
- Continue efforts to work in cross-divisional teams to analyze data, assess trends, target areas of vulnerability and recommend systemic control improvements.
- Recommend debarments and related administrative enforcement actions to foster program integrity.
- Conduct character screenings on certain SBA program participants and complete required background checks on SBA employees and contractors to ensure the integrity of operations.
- Protect the assets of SBA programs through recommendations that assistance be denied to those found to be of poor character.

OIG OPERATIONAL STRATEGIES

The OIG also uses the following strategies to achieve our goals.

- Attract, develop, and retain a highly skilled OIG workforce, and provide them with the tools, services, and processes necessary to continuously improve productivity.
- Develop an internal work environment that allows OIG employees to understand how their work is important in meeting OIG strategic goals.
- Ensure that our internal control quality system is adequate and our work products comply with applicable professional standards, by subjecting our operations to internal review, as well as to external “peer” reviews by other Federal OIGs.

- Use our annual planning and budget process to manage OIG operations effectively and efficiently.
- Ensure effective two-way communication with our customers, stakeholders, employees, and interested parties to identify opportunities for improvement.

PERFORMANCE MEASURES/INDICATORS

MEASURES/INDICATORS* (In addition to the OIG's Semiannual Reports)	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
QUALITY			
Value of monetary recoveries and savings resulting from audits, other reports, investigations and security checks.**	\$55.8 million	\$54.1 million	\$54.1 million
Percent of all report recommendations agreed to by management within 6 months of report issuance.	77%	76%	76%
Percent of all investigative cases opened during the fiscal year that involve fraud with potential dollar losses of \$100,000 or more committed against SBA.	70%	70%	70%
Percent of all investigative cases closed during the fiscal year that were referred for criminal or civil prosecution, or SBA administrative action.	72%	75%	80%
TIMELINESS			
Percent of audit projects completed within budgeted hours and milestones, or in established timeframe.	60%	70%	70%
Percent of all investigative cases accepted by prosecutors, referred for Agency action, or closed during the fiscal year in which the acceptance, referral or closure occurred within 18 months of case initiation.	43%	65%	70%

* Achievement of the OIG's goals is subject to a number of external factors (see "Performance Measurement Limitations" section of this document on page 6).

** The out-year estimates for this measure are the averages for the previous five years. This measure includes:

Disallowed costs agreed to by management;
Recommendations that funds be put to better use agreed to by management;
Potential investigative recoveries and fines; and
Loans not made as a result of investigations and name checks.

ANTICIPATED IMPACT/OUTCOMES OF OIG EFFORTS UNDER STRATEGIC GOALS

- Reduction of risks to, and increased integrity of, Agency programs and operations
- Resolution of OIG-identified Management Challenges
- Improvement of efficiency and effectiveness in the delivery of SBA programs
- Enhancement of internal controls
- Reduction of fraud and abuse in SBA programs and operations

PERFORMANCE MEASUREMENT LIMITATIONS

The achievement of our goals is dependent on a number of external factors. For example, the majority of our work is in response to referrals of suspected fraud, complaints, requests for auditing and investigative services, and an increasing number of statutory and other requirements. Further, decreases in personnel or funding resources would adversely affect achievement. In addition, implementation of OIG recommendations for program improvements rests with the Agency. The OIG also cannot control the results of judicial or administrative proceedings, or collect monetary sanctions imposed by the courts or the Agency as a result of our reviews or investigations. Due to these external factors, actual accomplishments may vary from year to year.

DATA VALIDATION AND VERIFICATION

Designated OIG staff are responsible for collecting, maintaining, and reporting performance data. As appropriate, quantitative data is collected and stored in our Management Information Systems. Results are reported in accordance with legislative requirements. OIG management will review reported data for consistency with general performance observations. Each year, we will reevaluate whether our measures are effectively designed, useful, and results-oriented. Based on this evaluation, we will determine whether our performance measures should be revised for the next planning cycle.

OIG ORGANIZATIONAL STRUCTURE

The OIG is composed of the Immediate Office of the Inspector General and the Auditing, Investigations, Counsel, and Management and Policy Divisions. In addition to headquarters staff, OIG currently has audit staff in Atlanta, Chicago, Dallas, and Los Angeles, and investigative staff in Atlanta, Chicago, Dallas, Denver, Houston, Kansas City, Los Angeles, Miami, New York, Philadelphia, and Seattle.

The Auditing Division performs program performance reviews, internal control assessments, and financial, information technology and mandated audits, and oversees audits by contractors to promote the economical, efficient, and effective operation of SBA programs.

The Investigations Division manages a program to prevent and detect illegal and/or improper activities involving SBA programs, operations, and personnel. The criminal investigative staff carries out a full range of traditional law enforcement functions. The security operations staff ensures that all Agency employees have the appropriate background investigations and security clearances for their duties and conducts the name check program, which provides SBA officials with character-eligibility information on loan applicants and other potential program participants.

The Counsel Division provides legal and ethics advice to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, assists with the prosecution of civil enforcement matters, processes subpoenas and Freedom of Information and Privacy Act requests, and reviews and comments on proposed Agency policies, regulations, legislation, and procedures.

The Management and Policy Division provides business support (e.g., budget/financial management, human resources, information technology, and procurement) for the various OIG functions, and coordinates legislative, regulatory, policy, and procedural review and analysis. It also prepares the Semiannual Report to Congress and the Report on SBA's Management Challenges and develops OIG strategic and performance plans.

U.S. Small Business Administration Office of Inspector General

Organizational Chart

